

*The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.*

### What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

### What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

**Note on Language**

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]",etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

**Instructions for Printing**

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

**Company Note:** H&M's cooperation with [this factory] has ceased due to no interest from the factory to continue the business relation with H&M. Due to this reason we are unable to continue the remediation process. Fortunately, the remediation process will be continued by Nike, Inc.

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FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings						Remediation				(Status) Completed; Pending; On-	Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance	If not corroborated, explain why	Sources/Documentatio n used for	Notable Features implemented by	PC Internal audit	PC Remediation plan	Target Completion	Factory Response		Company follow up (Cite date of follow up)	Documentation	Company Follow up (6/12/2007)	Documentation	Company Follow up (4/30/2008)
<b>7. Freedom of Association and Collective Bargaining</b>																		
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.																		
Freedom of Association: FLA Comment		<b>FLA Comment:</b> The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms.  The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.		There is no written factory policy on independent worker representation. Interviews showed that workers had limited knowledge about freedom of association. They were not aware of their rights in regard to this. They are not interested in forming a union. To best of their knowledge, no one at the facility had attempted to form a workers organization. There is no apparent restriction on the formation of a union or workers organization.			Document review and worker interviews		Factory will provide additional memo about the freedom of association, which will be posted to publicize the right and the benefits for the formation of a union. Provide more communication channel between the workers and management. 1) Provide more communication meetings between the workers and management, so that they can talk face to face. 2) Hold more activity in the factory to enhance the contact between workers and management. 3) Post the feedback of the meeting and grievance to show management's concern.	2/15/2006		1/3/07: Factory is applying for the registered trade union in the factory. Factory had the new year team meeting recently in order to enhance the communication with the employees.		Completed	Factory set up a trade union in March according to China Trade union law and had more than 600 members so far. The trade union is a communication bridge between factory and workers. Several activities have been held by the trade union, such as communication meetings, outing, dorm cleanliness contest, training on first-aid etc. Workers started to use this channel to present their wills and suggestions as well as get timely feedback from the factory management. (Completed)			
<b>8. Wages and Benefits</b>																		
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally.																		
Legal benefits	Article 73 of PRC Labor Law (Chapter IX: Social Insurance and Welfare): Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: (1) retirement; (2) illness, injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) child-bearing. The social insurance amount that laborers are entitled to must be paid on time in full.	Employers will provide all legally mandated benefits to all eligible workers.		As per review of social insurance receipt for July, facility registered 21% workers for pension, medical care, occupational injury and unemployment. Child-bearing insurance is not legally required in the region at present. Besides, facility bought commercial Employer's Liability Insurance to cover all workers under occupational injury. According to legal requirement, facility needs to register all workers for pension, medical care and unemployment.			Document review and management interview		The factory obtained a waiver by the government indicating the contribution amount meets social security requirements. Compare with 2005, factory's social insurance participants were increased by 27 percent after a series of seminar with workers.	2/15/2006		1/3/07: Factory obtained a waiver by the government in 2005 indicating the contribution amount meets social security requirements. Factory will get the new waiver of 2006 soon. Factory will continue providing information to workers about the benefits of participating in social insurance to increase the percentage of participation.		Completed	Factory has obtained an updated waiver from the local labor bureau in April 07, stating 374 workers had contributed social insurance which has increased from 2006.			
<b>9. Hours of Work</b>																		
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.																		
Overtime Limitations	Regulation by the State Council on Working Hours, Art. 3: Laborers shall work for no more than 8 hours a day and not more than 40 hours a week. Art. 41 of PRC Labor Law (Chapter 4 Working Hours, Rest Days and Holidays): Employees should not be allowed to work more than 3 overtime hours per day and 36 overtime hours per month.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.		In February, all production workers were required to work more than 60 hours per week. 66 hours at maximum. No excessive hours observed in other months.			Worker interviews, review of time records and payrolls		Factory to control OT hours and ensure the production department understands that excessive hours are not acceptable and hours must be be controlled by: 1) Balancing the order and capacity and better communication with the brands. 2) Build up integration with the business department, IE department and production planning department. 3) Enhance the OT control from the production side, both the supervisors and workers will take	2/15/2006		1/3/07: factory had taken some steps to control the OT hours such as enhancing the communication between the brands and internal production department, balancing the order and capacity. In fact, no violation since March 06.		Completed				
<b>10. Overtime Compensation</b>																		
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																		
<b>Miscellaneous</b>																		
Subcontractors		As per FLA audit instrument SE-1b: Do contracts between the factory and any subcontractors and/or recruitment agencies comply with the FLA Code of Conduct, including one rest day, maximum hours of work, minimum wage and OT payments, minimum age and health and safety requirements?		Contracts between the factory and subcontractors used for printing, washing and embroidery were not provided. Facility management refused to provide detailed information of subcontractors in terms of confidentiality. Only factory names and addresses were released.			Document review and management interview.		Factory to communicate compliance requirements to the sub-contractors, get a signed contract on record from each, and provide contract to PC for verification.	2/15/2006		1/03/06: Factory communicated with the sub-contractors on the compliance regulations/standards and asked them to sign a confirmation letter. Unfortunately, few sub-contractor(s) sent the letter back. Further follow-up required. 1/3/07: Still less response from the sub-contractors, factory and its headquarter are still working on it.		Completed	Factory [factory name] head office is approaching some sub-contractors, trying to work with them on their compliance. It is challenging to influence them since there is not very high PO percentage. It definitely will be a long-term project.		4/30/2008: The subcontractors officially returned the positive written feedback on factory's reminder on the compliance, and they committed to comply with law and international labor standard for their workforce. Factory would only use the authorized subcontractors, if any, which had been approved by the brands, such as GAP and Nike.	